



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
HENRY COUNTY CLERK**

**Calendar Year 2000 and  
For the period January 1, 2001 through August 31, 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE HENRY COUNTY CLERK**

**Calendar Year 2000 and  
For the period January 1, 2001 through August 31, 2001**

The Auditor of Public Accounts has completed the Henry County Clerk's audit for calendar year 2000, and for the period January 1, 2001 through August 31, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fee account balances decreased by \$13,721 from the prior calendar year, resulting in a cash surplus of \$42,467 as of December 31, 2000. Revenues increased by \$241,510 from the prior year and disbursements increased by \$255,231. Fee account balances decreased by \$47,072 from calendar year 2000, resulting in a cash surplus of \$13,459 for the period January 1, 2001 through August 31, 2001. Revenues decreased by \$914,621 from calendar year 2000 and disbursements decreased by \$867,549.

#### **Leases:**

The County Clerk is committed to three copy machine leases with Xerox Corporation. The first lease requires a monthly payment of \$85 for 42 months to be completed on January 1, 2002. The balances on the agreement are \$1,020 as of December 31, 2000, and \$340 for the period January 1, 2001 through August 31, 2001. The second lease requires a monthly payment of \$158 per month for 54 months to be completed on June 1, 2002. The balances on the agreement are \$2,186 as of December 31, 2000, and \$922 for the period January 1, 2001 through August 31, 2001. The third lease requires a monthly payment of \$134 for 42 months to be completed on May 4, 2004. The balances on the agreement are \$5,369 as of December 31, 2000, and \$4,297 for the period January 1, 2001 through August 31, 2001.

The County Clerk is committed to three software license and service agreements with Software Management, Inc. The first lease requires an annual payment of \$4,800 for 5 years to be completed on February 15, 2003. The balances on the agreement are \$14,400 as of December 31, 2000, and \$9,600 for the period January 1, 2001 through August 31, 2001. The second lease requires a monthly payment of \$1,870 per month for 60 months to be completed on June 23, 2005. The balances on the agreement are \$99,110 as of December 31, 2000, and \$84,150 for the period January 1, 2001 through August 31, 2001. The third lease requires an annual payment of \$11,160 for 5 years to be completed on July 31, 2005. The balances on the agreement are \$44,640 as of December 31, 2000, and \$33,480 for the period January 1, 2001 through August 31, 2001.

#### **Deposits:**

The Clerk's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Tommy Bryant, Henry County Judge/Executive  
Honorable Rhonda M. Carpenter, Henry County Clerk  
Members of the Henry County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statements of receipts, disbursements, and excess fees of the County Clerk of Henry County, Kentucky, for the year ended December 31, 2000, and for the period January 1, 2001 through August 31, 2001. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, and for the period January 1, 2001 through August 31, 2001, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Tommy Bryant, Henry County Judge/Executive  
Honorable Rhonda M. Carpenter, Henry County Clerk  
Members of the Henry County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
October 11, 2001



HENRY COUNTY  
RHONDA M. CARPENTER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Library and Archives Grant	\$	822
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State Fees For Services		13,847
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Fiscal Court		8,664
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	318,912
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Usage Tax		1,477,957
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Tangible Personal Property Tax		930,783
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Licenses-

Marriage		4,174
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Other Taxes and Licenses		3,426
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Deed Transfer Tax		37,597
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Delinquent Tax		156,194
		2,929,043

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	11,594
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Real Estate Mortgages		27,148
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Chattel Mortgages and Financing Statements		55,987
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Powers of Attorney		1,014
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Releases		10,148
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All Other Recordings		6,815
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Charges for Other Services-

Copywork and Postage		6,183
		118,889

Other:

Miscellaneous	\$	2,551
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Refunds		7,434
		9,985

Interest Earned		2,748

Gross Receipts	\$	3,083,998
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HENRY COUNTY  
 RHONDA M. CARPENTER, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 234,921

Usage Tax 1,429,678

Tangible Personal Property Tax 344,442

Licenses, Taxes, and Fees-

Delinquent Tax 24,595

Legal Process Tax 16,515

Candidate Filing Fees 270 \$ 2,050,421

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 79,866

Delinquent Tax 17,252

Deed Transfer Tax 35,717 132,835

Payments to Other Districts:

Tangible Personal Property Tax \$ 468,694

Delinquent Tax 76,907 545,601

Payments to Sheriff

3,207

Payments to County Attorney

25,516

Library and Archives Grant

822

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 138,946

Materials and Supplies-

Office Supplies 15,069

Other Charges-

Conventions and Travel 1,000

Refunds 13,854

Postage 5,224

Employee Training Programs 200

Bank Charges 214

HENRY COUNTY  
 RHONDA M. CARPENTER, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:  
 (Continued)

Capital Outlay-			
Office Equipment	\$	5,532	
Indexing and Software		<u>40,184</u>	\$ <u>220,223</u>
Total Disbursements			<u>\$ 2,978,625</u>
Net Receipts	\$	105,373	
Less: Statutory Maximum		<u>59,306</u>	
Excess Fees	\$	46,067	
Less: Expense Allowance		<u>3,600</u>	
Excess Fees Due County for Calendar Year 2000	\$	42,467	
Payments to County Treasurer - March 13, 2001		<u>42,467</u>	
Balance Due at Completion of Audit	\$	<u><u>0</u></u>	

HENRY COUNTY  
RHONDA M. CARPENTER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For the period January 1, 2001 through August 31, 2001

Receipts

State Fees For Services	\$	4,192
Fiscal Court		5,479
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$	252,681
Usage Tax		992,821
Tangible Personal Property Tax		733,539
Licenses-		
Marriage		2,518
Other Taxes and Licenses		25
Deed Transfer Tax		24,451
Delinquent Tax		54,996
		2,061,031
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts	\$	9,678
Real Estate Mortgages		23,262
Chattel Mortgages and Financing Statements		35,813
Powers of Attorney		580
Releases		8,155
Motor Vehicle Notary Fees		1,688
Motor Vehicle Lien Release Fees		2,754
All Other Recordings		5,194
Charges for Other Services-		
Copywork and Postage		3,704
		90,828
Other:		
Refunds	\$	4,305
Miscellaneous		2,161
		6,466
Interest Earned		1,381
Gross Receipts	\$	2,169,377

HENRY COUNTY  
 RHONDA M. CARPENTER, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For the period January 1, 2001 through August 31, 2001  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 190,510

Usage Tax 960,270

Tangible Personal Property Tax 269,753

Licenses, Taxes, and Fees-

Delinquent Tax 7,339

Legal Process Tax 10,987 \$ 1,438,859

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 63,306

Delinquent Tax 6,230

Deed Transfer Tax 23,228 92,764

Payments to Other Districts:

Tangible Personal Property Tax \$ 371,085

Delinquent Tax 29,916 401,001

Payments to Sheriff

703

Payments to County Attorney

8,469

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 93,992

Materials and Supplies-

Office Supplies 10,465

Other Charges-

Refunds 7,025

Postage 1,589

Bank Charges 191

HENRY COUNTY  
 RHONDA M. CARPENTER, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For the period January 1, 2001 through August 31, 2001  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:  
 (Continued)

Capital Outlay-			
Office Equipment	\$	5,540	
Indexing and Software		<u>50,478</u>	\$ <u>169,280</u>
Total Disbursements			<u>\$ 2,111,076</u>
Net Receipts	\$	58,301	
Less: Statutory Maximum		<u>42,442</u>	
Excess Fees	\$	15,859	
Less: Expense Allowance		<u>2,400</u>	
Excess Fees Due County for The Period January 1, 2001 through August 31, 2001	\$	13,459	
Payments to County Treasurer - October 5, 2001		<u>13,459</u>	
Balance Due at Completion of Audit	\$	<u><u>0</u></u>	

The accompanying notes are an integral part of the financial statements.

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and for the period January 1, 2001 through August 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000, and at August 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the calendar year 2000 and 6.41 percent for the period ending August 31, 2001.

## HENRY COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and for the period January 1, 2001 through August 31, 2001

(Continued)

## Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

## Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000 and August 31, 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the County Clerk's agent in the County Clerk's name.

## Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$822. Funds totaling \$822 were expended during calendar year 2000.

## Note 5. Leases

The County Clerk is committed to three copy machine leases with Xerox Corporation. The first lease requires a monthly payment of \$85 for 42 months to be completed on January 1, 2002. The balances on the agreement are \$1,020 as of December 31, 2000, and \$340 as of August 31, 2001. The second lease requires a monthly payment of \$158 per month for 54 months to be completed on June 1, 2002. The balances on the agreement are \$2,186 as of December 31, 2000, and \$922 as of August 31, 2001. The third lease requires a monthly payment of \$134 for 42 months to be completed on May 4, 2004. The balances on the agreement are \$5,369 as of December 31, 2000, and \$4,297 as of August 31, 2001.



## HENRY COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and for the period January 1, 2001 through August 31, 2001

(Continued)

## Note 5. Leases (Continued)

The County Clerk is committed to three software license and service agreements with Software Management, Inc. The first lease requires an annual payment of \$4,800 for 5 years to be completed on February 15, 2003. The balances on the agreement are \$14,400 as of December 31, 2000, and \$9,600 as of August 31, 2001. The second lease requires a monthly payment of \$1,870 per month for 60 months to be completed on June 23, 2005. The balances on the agreement are \$99,110 as of December 31, 2000, and \$84,150 as of August 31, 2001. The third lease requires an annual payment of \$11,160 for 5 years to be completed on July 31, 2005. The balances on the agreement are \$44,640 as of December 31, 2000, and \$33,480 as of August 31, 2001.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
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Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Tommy Bryant, Henry County Judge/Executive  
Honorable Rhonda M. Carpenter, Henry County Clerk  
Members of the Henry County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the Henry County Clerk for the year ended December 31, 2000, and for the period January 1, 2001 through August 31, 2001, and have issued our report thereon dated October 11, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Henry County Clerk's financial statements for the year ended December 31, 2000, and for the period January 1, 2001 through August 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Henry County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
October 11, 2001

